Swapping of High Cost Small Saving Loans

2641. SHRI KANJIBHAI PATEL: Will the Minister of FINANCE be pleased to state:

(a) whether the State Government of Gujarat have represented to the Central Government that flexibility should be available to the State Government not to accept the small saving loans and an option may also be given to State Government to swap the high cost small saving loans taken earlier with the present loan;

(b) whether the matter was discussed in the National Development Council (NDC) and a Committee was also formed headed by him to look into this aspect;

(c) if so, whether the Committee has submitted its report in this regard; and

(d) the final outcome of the matter?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) Yes, Sir. Some State Governments including Government of Gujarat have expressed reservations in accepting 100 per cent transfer of net Small Savings Collections mobilized by them mainly on the ground of high cost of these funds and have also requested to swap the high coupon National Small Savings Fund (NSSF) loans with current lower coupon borrowings. Government of India has already implemented a State Debt Swap Scheme from 2002-03 to 2004-05 under which the States were enabled to pre-pay their high coupon loans, including small savings loans, owed to the Government of India with lower coupon loans from NSSF and additional open market borrowings. State swapped high coupon loans amounting to Rs. 1,03,652 crore under the scheme.

(b) to (d) Pursuant to the meeting of the National Development Council (NDC) held in June, 2005, a Committee has been set up under the chairmanship of Finance Minister to examine issues relating to the debt burden of States and debt relief with reference to their debt outstandings against NSSF. The Committee has not yet submitted its report.

Monitoring of politically exposed persons accounts in foreign banks

2462. DR. VIJAY MALLYA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that RBI has ordered foreign banks operating in the country to strictly monitor the accounts of Indian politically exposed persons and whether a copy of the said order be placed on the Table of the House;

(b) whether RBI or Government have identified such classes of persons and if so, the details thereof; and

(c) what safeguards are built into the system to prevent Government to the genuine cases of politically exposed persons and the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Reserve Bank of India (RBI) has issued Know Your Customer (KYC) Guidelines—Anti Money Laundering Standards vide their circular dated 29th November, 2004. As per the guidelines, Politically Exposed Persons (PEPs) are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g. Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, etc. In terms of the KYC Guidelines, the banks should gather sufficient information on any person/ customer of this cetegory intending to establish a relationship and check all the information available on the person in the public domain. Banks should verify the identity of the person and seek information about the sources of funds before accepting the PEP as a customer. The decision to open an account for PEP should be taken at a senior level which should be clearly spelt out in Customer Acceptance policy. Banks should also subject such accounts to enhanced monitoring on an ongoing basis. These norms may also be applied to the accounts of the family or close relatives of PEPs.

Exemption under North-East Industrial Policy, 1997

2463. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

(a) whether he has received communications in the month of November, 2005 and January, 2006 from the Ministry of Commerce and Industry (DIPP) regarding inclusion of additional industrial complexes in the State of Assam for the benefit of various exemption under the North-East Industrial Policy, 1997;

(b) what action Government have taken thereon;

(c) by when, necessary notification is likely to be issued, and

(d) if not, the reasons therefor?